
FEDERAL ENERGY REGULATORY COMMISSION

WASHINGTON, D.C. 20426



NEWS RELEASE

NEWS MEDIA CONTACT:

Barbara A. Connors
(202) 208-0680

FOR IMMEDIATE RELEASE

March 30, 2000

PUBLIC POWER, COOPERATIVES, MUNICIPAL UTILITIES TELL KANSAS CITY WORKSHOP THEY FAVOR JOINING RTOS

Representatives of public power, cooperatives and municipal utilities agreed at a Federal Energy Regulatory Commission workshop in Kansas City, Missouri, today that they should be included in any Regional Transmission Organization (RTO) created in the central region of the country.

They agreed, on the second day of the two-day workshop, that large RTOs are preferable, pancaked rates should be eliminated, cost shifts should be minimized, and that their facilities should be treated in the same fashion as those of investor-owned utilities.

Panelists agreed that further discussion was needed on proposals outlined yesterday. The proposals included a suggestion for one RTO to extend from the Rocky Mountains in the West to the Mid-Atlantic region and from central Canada to the Gulf of Mexico. One participant proposing a for-profit transco said he understood that the transco might need to be part of a larger entity. A group of marketers was reported to be working to develop a generic RTO design.

Workshop facilitator Kevin P. Madden, Deputy Director of the Commission's Office of Markets, Tariffs and Rates, said today: "I am encouraged. These are difficult issues and participants here are trying to grapple with them. I believe we can look forward to continuing processes to further development of effective markets."

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In December 1999, the Commission adopted Order No. 2000, its historic policy designed to further competition and bring lower prices to electric utility consumers through the voluntary development by transmission owners of RTOs. RTOs work to prevent the abuses of market power which hinder competition.

At that time, the Commission said it would undertake a collaborative process, of which the Kansas City workshop is a part. Commission staff are fully engaged with transmission owners, public and non-public utilities, as well as state officials and affected interest groups, in working toward the voluntary development of RTOs.

To accommodate the issues and concerns of the parties in each region, a unique agenda has been developed for each workshop. Each workshop has had a clear regional flavor.

In Order No. 2000, the Commission made clear that it was not favoring one form of RTO over another and would encourage flexibility in RTO formation. In addition, the Commission withheld judgment about whether existing Independent System Operators (ISOs) qualify as RTOs under the rule.

The Commission held its first regional workshop March 1 and 2 in Cincinnati. A second workshop was held in Philadelphia on March 15 and 16 and a third was held in Las Vegas March 23 and 24.

A final workshop is scheduled for Atlanta, Georgia, April 6 and 7.

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